Souris Basin Development Authority

SOURIS BASIN
DEVELOPMENT AUTHORITY

1988
ANNUAL
REPORT

89-03441/

ANNUAL REPORT

OF

THE SOURIS BASIN DEVELOPMENT AUTHORITY

OF THE

PROVINCE OF SASKATCHEWAN

FOR THE

YEAR ENDED DECEMBER 31, 1988

Souris Basin Development Authority

814 - 4th Street
Estevan, Saskatchewan
S4A 0V9

Phone: 634-4791

March, 1989

To Her Honour
The Honourable Sylvia Fedoruk
Lieutenant Governor of the
Province of Saskatchewan

Dear Madam:

I have the honour to submit herewith the Annual Report of the Souris Basin Development Authority for the year ended December 31, 1988, including the financial statements, therefore, duly certified by the Authority's auditor and in the form approved by the Treasury Board, all in accordance with the Crown Corporations Act, 1978.

I have the honour to be, Madam, your obedient servant,

Hon. Eric Berntson
Minister Responsible
Chairman of the Board
Souris Basin Development Authority

SOURIS BASIN DEVELOPMENT AUTHORITY

BOARD OF DIRECTORS

GOVERNMENT AFFILIATED DIRECTORS

Hon. Eric Berntson, Regina
Chairman, Minister in Charge

G.D. Hill QC Regina
President, SaskPower,
Vice Chairman, President &
Chief Executive Officer,
Souris Basin Development Authority

D. Stankov, CA, Regina
Chairman, SaskPower

V.C. Fowke, FCA, Regina
President, Sask Water Corp.

NON GOVERNMENT DIRECTORS

R.W. Henders, B.Sc. Ph., Estevan

G. Ross, Estevan

R.W. Young, Alameda

E.B. Campbell, P.Eng., Regina

SECRETARY OF THE BOARD

K.D. Wellman QC, Regina
General Counsel and Secretary
SaskPower

SOURIS BASIN DEVELOPMENT AUTHORITY

REPORT FROM THE PRESIDENT

The year 1988 brought about the fulfillment of the regulatory requirements in Canada for the Souris Basin Development Authority and permitted the initiation of construction of the Rafferty Dam. In February, the provincial Minister of Environment and Public Safety, the Honourable Herb Swan issued a Ministerial Approval for the construction of the Rafferty Dam, Boundary to Rafferty Diversion Channel, and intermittent downstream channelization. Ministerial approval for the construction of the Alameda Dam was also granted, conditional on funding from the United States. The Approval from the Minister of Environment and Public Safety contained a number of stringent conditions which will protect the environment and minimize possible negative side effects resulting from the development of the Rafferty-Alameda Project.

Also in February, a licence was obtained by the Authority from the Saskatchewan Water Corporation for the construction of the Rafferty Dam.

In June, the last regulatory hurdle on the Canadian side was cleared when a licence under The International Rivers Improvements Act (IRIA) was issued by Environment Canada. Once the IRIA licence was obtained, the Souris Basin Development Authority had all the necessary regulatory approvals required for construction to proceed.

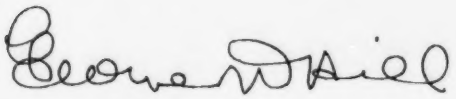
The first permanent work at the Rafferty Dam site was the installation of approximately 62,000 wick drains into the base of the dam. A new technology for Saskatchewan, wick drains will help stabilize the foundation conditions in the Rafferty Dam.

Additional activity at Rafferty in 1988 involved in the installation of instrumentation, processing and placement of filter material and the initiation of the construction of the Low Level Outlet. At year end, over 400,000 cubic metres of material had been placed for the Rafferty Dam.

Also, with respect to land acquisition, the Authority has either purchased land from or has purchase agreements in place with approximately 80 percent of the private landowners affected by the Rafferty Dam and Reservoir. So far, it has not been necessary to expropriate any land.

Negotiations with the United States on its financial contributions are proceeding satisfactorily and are close to being finalized. The anticipated construction schedule calls for completion of the Rafferty Dam in 1990 and the Alameda Dam in 1991. Other activities such as the Rafferty-Boundary Diversion Channel and Downstream Channelization will occur in the 1989-92 period.

I would like to thank the Board Members and the employees of the Authority for their support over the past year.



GEORGE D. HILL, Q.C.
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

CHARTERED ACCOUNTANTS
MATCHETT, POTTS & SEIPP
1130 - 3RD STREET, ESTEVAN, SASK. S4A 0R7 * TELEPHONE 634-2603

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of the Province of Saskatchewan

We have examined the statement of financial position of Souris Basin Development Authority as at December 31, 1988, and the statement of operations and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1988, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Matchett, Potts & Seipp

MATCHETT, POTTS & SEIPP
ESTEVAN, SASKATCHEWAN
March 13, 1989

SOURIS BASIN

DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

SOURIS BASIN DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1988

	1988	1987
ASSETS		
CASH	$1,943,978	$ 257,475
SHORT TERM INVESTMENTS	---	498,249
ACCOUNTS RECEIVABLE (Note 3)	20,083	38,639
CONTRACT ADVANCES RECEIVABLE (Note 4)	376,467	---
LAND DEPOSITS	24,000	---
	$2,364,528	$ 794,363
LIABILITIES & EQUITY		
LIABILITIES		
ACCOUNTS PAYABLE (Note 5)	$2,364,528	$ 354,955
CONTRACT ADVANCES UNEARNED (Note 4)	---	439,408
	$2,364,528	794,363
EQUITY		
RETAINED EARNINGS	---	---
	$2,364,528	$ 794,363

(SEE ACCOMPANYING NOTES)

SOURIS BASIN DEVELOPMENT AUTHORITY

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1988

REVENUE	1988	1987
CONTRACT REVENUE EARNED	$18,315,875	$3,085,252
INTEREST REVENUE	84,166	27,121
LAND LEASEBACK REVENUE	22,079	---
	$18,422,120	$3,112,373
EXPENSES		
COST OF CONTRACTS	$17,581,054	$ 2,588,146
GENERAL & ADMINISTRATION	808,723	522,890
INTEREST EXPENSE	32,343	1,337
	$18,422,120	$3,112,373
NET EARNINGS	---	---
RETAINED EARNINGS BEGINNING OF YEAR	---	---
RETAINED EARNINGS END OF YEAR	$ ---	$ ---

(SEE ACCOMPANYING NOTES)

SOURIS BASIN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 1988

1. Status of the Corporation

The Souris Basin Development Authority was established by Order in Council 270/86 and continues under the provisions of part one of The Crown Corporations Act, 1978. The mandate of the Authority is to coordinate and manage the design and construction of the Rafferty and Alameda Dam projects as the agent for Saskatchewan Water Corporation. These projects are multi-purpose in nature involving several Government Departments, Agencies and Crown Corporations.

2. Significant Accounting Policies

The Souris Basin Development Authority's accounting policies are in accordance with generally accepted accounting principles. The following summary of accounting policies describes the accounting methods and practices considered to be significant to the Authority's Financial Statements:

(i) Contract Revenue and Cost Recognition

Contract Revenue Earned - advances from Sask Water are recognized as contract revenue on the basis of total expenses incurred (net of other revenue) during the year.

Cost of Contracts-includes all direct costs determined using the percentage-of-completion method.

(ii) Short Term Investments

Short term investments are valued at cost which approximates market value.

3. Accounts Receivable

	1988	1987
Expense recoveries	$15,000	$30,173
Expense advances	5,083	8,466
	$20,083	$38,639

4. Contract Advances

Pursuant to the agency agreement between the Authority and the Saskatchewan Water Corporation, the Corporation will fund the Authority for all construction, general, administration and interest costs incurred (net of other revenue) as they relate to the agreement.

	1988 (Cumulative)	1987 (Cumulative)
Total Advances from Sask Water	22,600,000	$5,100,000
Less: Total Costs Incurred (Net of Other Revenue)	22,976,467	4,660,592
Contract Advances Unearned(Receivable)	($376,467)	$ 439,408

5. Accounts Payable

	1988	1987
Contract Payables	100,456	$113,948
General & Admiminstration Payables	2,520	10,869
Contract Accruals	1,334,660	190,864
General & Administration Accruals	35,026	24,132
Contract Holdbacks	891,866	$ 15,142
	$2,364,528	$354,955

6. Remuneration of Directors

During 1988, the four non government directors received total remuneration amounting to $2,600 (1987-$3,700). The government affiliated directors received no remuneration from the Authority.

7. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled Departments, Agencies, and Corporations with which the Authority is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms except as described below.

The Authority has entered into an agency agreement with the Saskatchewan Water Corporation whereby the Authority undertakes to plan, organize, design and construct the Rafferty and Alameda Dam Projects; in turn the Corporation is to provide consulting services out of its own resources without further consideration within the limits of its own staff, expertise, and facilities currently in place. To the extent the Corporation incurs costs for contract personnel or facilities to provide these services, they shall be reimbursed for the cost by the Authority.

8. Leases

The Authority has entered into operating lease agreements with the following minimum lease payments:

1989	60,972
1990	54,988
1991	13,420
1992	---
1993	---